



# Consumer Credit



*Ontario, Financial  
and Commercial  
Affairs Dept.*

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Financial and Commercial Affairs  
Division

cludes Saturdays but not Sundays or statutory holidays.

During these two days the buyer may cancel a contract, provided he does so in writing, personally delivered or sent by registered mail. In the case of registered mail, the letter must be post-marked within the two-day period. If he cancels the contract, the buyer must return any goods he has already received, at the seller's expense, and the seller must return any money or trade-in which he has received. The trade-in, therefore, cannot be considered the property of an itinerant seller until the two-day period has elapsed without the buyer cancelling the contract.

## Borrowing and lending

The borrower must be given a written statement of the cost of borrowing, expressed both in dollars and cents and as an annual percentage rate. As in credit sales, the lender must also set down any extra charges, such as for insurance or fees, the rate and intervals at which the money must be repaid, and any charges he intends to make in the event of default on payments.

## What you should do

If as a borrower or credit buyer you feel you have a justifiable complaint, write to The Registrar of the Consumer Protection Bureau (address on last page) giving all the facts and enclosing your copy of the contract, receipts or advertising material which influenced you to obtain goods or services, as well as any guarantee that may be involved and all correspondence. Penalties are provided by the Act for infractions on the part of sellers or lenders.

If you know of any false or misleading statements on the part of a seller or lender, you are similarly invited to bring them to the attention of the Bureau.

Sellers and lenders should make themselves thoroughly familiar with the Act and its Regulations. The *Consumer Protection Act, 1966*, and *Ontario Regulation 207/67* can be obtained at 25 cents each from the Queen's Printer, 26 Breadalbane St., Toronto 5. For advice on the working of the Act and new regulations, see a qualified business adviser, such as your lawyer or accountant.

## What you pay for credit

When you buy goods (clothing, TV set, refrigerator, car, etc.,) on the instalment plan you pay extra dollars (finance charges) for the privilege of paying for the goods over a period of time.

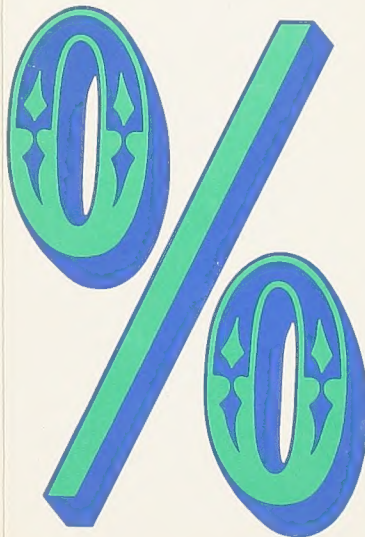
If finance charges are added to the purchase price and the total is to be repaid in 12 equal monthly payments:

When they say	You pay
4% per year	7.30% per year
6% per year	10.90% per year
8% per year	14.45% per year
10% per year	17.97% per year
1% per month	21.46% per year

If finance charges are made on the unpaid balance each month:

When they say	You pay
$\frac{3}{4}$ of 1% per month	9% per year
$\frac{5}{8}$ of 1% per month	10% per year
1% per month	12% per year
1 $\frac{1}{4}$ % per month	15% per year
1 $\frac{1}{2}$ % per month	18% per year
2 $\frac{1}{2}$ % per month	30% per year

Consumer Protection Bureau  
123 Edward Street, Toronto 2, Ontario  
*Issued under the authority of*  
Hon. H. L. Rowntree, Q.C. Minister  
Department of Financial and Commercial Affairs  
Government of Ontario





#### The essence of good business

In our free economy the relationship between buyer and seller or between borrower and lender is necessarily based on understanding, and the ultimate decision to purchase or otherwise make an agreement rests with the individual. We can do business with whom we choose, and fortunately the number of people who would engage in other than honest practices is only a fraction of a percentage point, and they can be dealt with under the law.

Nevertheless, in our complex society written contracts and the extension of liberal *disclosure* of terms, charges, warranties, conditions and other facets of agreements becomes imperative. This, indeed, is the essence of good business—and this is why the Government of Ontario has put into force *The Consumer Protection Act*. This pamphlet and others available from the Consumer Protection Bureau are written to assist you in an understanding of your rights and the assistance that is available to you.

Hon. H. L. Rowntree, Q.C., Minister

#### Purpose of the Act

Buying on credit, and borrowing money, have become part of our modern way of life. For many Canadians it is the only way they can get the goods and services they want. The new Ontario *Consumer Protection Act* is intended to standardize the process of purchasing on credit or borrowing money, so as to be fair and equitable to both parties in a transaction. These provisions do not relieve the consumer of his normal responsibility to make careful decisions when considering a purchase or loan, but his decision is made easier by the fact that the Act requires certain information be provided to the consumer.

#### Buying on credit

The new laws help the buyer in all time-payment transactions by requiring that before credit is given, the buyer be provided with a clear, written statement. This statement must show the amount actually received in cash, or the cash price of the goods or services. It must also include:

- the amount of any charges for insurance or official fees required to be paid under any Federal or Provincial statute;
- the amount of any down payment or trade-in;
- the amount of the credit finance charges on the net balance to be paid, expressed both in dollars and cents and as an annual percentage rate;
- the basis on which additional charges are to be made if the buyer should fall behind on his payments.

In the case of a cash purchase, when the price of the goods or services exceeds \$50, the contract must be in writing and include the following:

- the name and address of both seller and buyer;
- a description and the price of the goods or services, and a detailed statement of the terms of payment;
- a statement of any warranty or guarantee applying to the sale. If there is no such warranty or guarantee, the contract must say so.

In addition, when the purchase price of the goods or services exceeds \$50, and there is a credit finance charge, the contract must also include the written statement referred to in the first paragraph of this section. The

contract must be signed by all parties and an originally signed copy must be given to each.

If a deposit is paid or a trade-in is delivered to a seller, but no contract is signed and no delivery of the goods to the buyer has been made or services performed, then the seller must, at the request of the buyer, return the deposit or trade-in.

#### Advertising

"True" annual percentage rates only may be included in advertising by sellers or lenders if rates are mentioned at all. If any other terms of credit sales or loans are mentioned, they must also include the sum actually offered in cash by the lender or the actual price of goods, the amount of the down payment, the amount of each instalment, and the number of instalments required to repay the total loan or pay for the goods, including the credit finance charges.

#### Repossession

After a buyer has paid two-thirds or more of the purchase price including carrying charges of the goods, they cannot be repossessed or resold in case of default until the seller has obtained permission from a judge of a County or District Court.

#### Itinerant sales

Special regulations apply to "itinerant sellers" which include anyone who sells goods or services away from his permanent place of business and makes a charge to the buyer for the privilege of paying for them over a period of time. This means not only the door-to-door salesman, but persons such as home furnishing or automobile salesmen, parts of whose contract with a buyer might have been made in a place other than in their office. All itinerant sellers must register with the Consumer Protection Bureau.

Credit sales by itinerant sellers are subject to a "cooling-off" period of two working days, dating from the time the buyer comes into possession of his copy of the contract. The day he receives his copy does not count as one of the two days, and the term "working days" in-